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## DEVELOPING EXPORT MARKETS — THE IFI APPROACH

### CONSULTING SERVICES



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# Developing Export Markets — The IFI\* Approach

## Consulting Services



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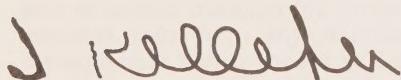
## **MESSAGE FROM THE MINISTER FOR INTERNATIONAL TRADE**

This booklet presents a marketing approach to a unique international market. It is the market financed by the international financial institutions (IFIs) — the World Bank, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank Group, and the Caribbean Development Bank.

Every year millions of dollars are approved by the IFIs to finance hundreds of projects in the developing world. These projects provide companies in member countries (and Canada is a member of each of the IFIs) with thousands of procurement opportunities for consulting services in a variety of industrial sectors.

This booklet provides an overview of that market and of the IFIs themselves, as well as practical advice on how to obtain contracts financed by the IFIs. This includes a step-by-step approach in assessing your firm and your product's suitability, identifying and analyzing the IFI market, positioning your firm to successfully bid on a project, and examining the factors to be considered in submitting a winning proposal.

I would like to thank the Canadian companies, successful in the IFI market, for their valuable contributions and assistance to my officials in the preparations for this booklet. It is the first of its kind in Canada and I believe Canadian firms will find it a useful guide in their pursuit of IFI-funded procurement opportunities.



James Kelleher



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## Acronyms Used

Acronyms are commonly used throughout this guide. Those most frequently mentioned are listed below with their full names:

ACEC	Association of Consulting Engineers of Canada
AfDB	African Development Bank
AsDB	Asian Development Bank
CDB	Caribbean Development Bank
CIDA	Canadian International Development Agency
DEA	Department of External Affairs
DRIE	Department of Regional Industrial Expansion
EDC	Export Development Corporation
IAPSU	(UN's) Inter-Agency Procurement Services Unit
ICB	International Competitive Bidding
IDB	Inter-American Development Bank
IFIs	International Financial Institutions
MOS	Monthly Operational Summary
OIPP	Operational Information on Proposed Projects
OLIFI	Office for Liaison with the International Financial Institutions
RFP	Request for Proposal
UN	United Nations
UNDP	United Nations Development Program

### NOTE:

1. All dollar amounts used in this guide are expressed in U.S. dollars unless otherwise noted.
2. All addresses and telephone numbers for organizations described in this guide are included in Part III, Reference, unless otherwise stated.

## Purpose of This Guide

This guide will provide you with information on a unique export market for consulting services. It encompasses the entire developing world and is unique because the funds for projects come from large multilateral development banks known as international financial institutions (IFIs). This guarantees payment for all services provided, and ensures that the procurement process and rules are commonly known.

The guide discusses the market for consulting services being financed through the five IFIs of which Canada is a member — the World Bank, the Inter-American Development Bank

(IDB), the Asian Development Bank (AsDB), the African Development Bank (AfDB), and the Caribbean Development Bank (CDB) — and through the United Nations Development Program (UNDP), to which Canada is a major contributor.

Part I of this guide outlines the steps consultants must take to win a contract from a country that is borrowing money from IFIs. Part II provides information on each of the five IFIs and on the UNDP and its related agencies. Part III is a quick reference to names, addresses, and telephone numbers of the various organizations discussed in the guide.

## Types of Aid to Developing Countries

When nations undertake the process of economic development, they seek to improve the living conditions of their populations and establish or expand a productive infrastructure. To do this, they need resources — human, material, and financial — on a large scale. Poor countries often have to supplement their own resources through the following:

- *bilateral aid* — loans and grants from individual governments of richer nations;
- *multilateral aid* — technical and financial assistance from international financial institutions (IFIs) which are funded and operated collectively by many governments;
- *other sources* — commercial banks, private firms, and non-governmental charitable organizations.

Developing countries use some of these resources to pay for the services of experts who can help identify, prepare, execute, or operate development projects and purchase the goods, equipment and related services, and civil works needed for them.

When financing for the development projects is being provided by an IFI, the developing country is encouraged, sometimes even required, to go outside its borders to seek services from qualified consulting firms and individual consultants representing many areas of expertise. These areas include engineering, planning, accounting, various types of management and analysis (economic, financial, market, systems), architecture, agronomy, and sociology.

One of the main characteristics of multilaterally financed procurement is that the exporter's potential client

is the executing agency in the developing country. The executing agency is an arm of the borrowing country's government, usually a branch of a ministry or some other official entity, that is empowered to formulate, design, and carry out the project, often with the help of consultants. The executing agency retains the consultants and appoints the project managers (consultants often serve that function as well), and decides what types of goods and works are needed to implement the project and from which suppliers to purchase them.

Because it is normally the IFI that makes disbursements out of the borrowing country's loan account to pay for the items procured, consultants are assured of payment for work performed. This makes the business opportunities offered by Third World development attractive in spite of uncertainty about debt repayment and economic stability.

In certain circumstances, consulting services are contracted directly by an IFI. This can occur when the IFI

- requires assistance with various aspects of its lending work;
- has been commissioned by another institution to undertake studies, e.g., when the World Bank is used by the UNDP as its executing agency;
- is both financing and carrying out technical assistance projects in its borrowing countries, as is the case with the AsDB's Technical Assistance Loans.

The rules vary slightly from one IFI to another. It is therefore important to carefully read each IFI's published *Guidelines for Consultants*, for specific information on their rules.

# PART I

## EXPORTING TO DEVELOPING COUNTRIES

### Market Overview

Vast sums of money are expended on Third World development projects. In fact, in 1984, developing countries received \$95 billion from all sources of financial aid. Of this, about \$16 billion came from multilateral financing.

The following table shows the amounts of money actually spent in 1984 by IFIs and the UNDP on ongoing development projects, as well as amounts committed for new projects.

Development Financing through Multilateral Agencies: 1984

	(In \$ billions)	
	Disbursed	Committed
World Bank	11.10	15.73
IDB	2.38	3.58
AsDB	1.00	2.23
AfDB	0.29	0.88
CDB	0.03	0.05
UNDP	0.53	0.79
TOTAL	15.33	23.26

Source: 1984 annual reports

These figures do not reflect the total volume of business generated by IFI activities since IFIs do not finance the total cost of a project, but a percentage which varies from country to country. The borrowing government must put some of its own money into the project, often by paying for local costs or by making

some cash or "in kind" contribution. Other sources of financing, such as official export credit agencies, bilateral aid agencies of donor countries and private sector banks, are also frequently tapped to cover the remaining gaps. This is known as cofinancing.

## Cofinancing

As development projects are financed only in part by loans from IFIs, borrowing countries must pay for part of the costs. If these costs are substantial, funds from other sources may need to be mobilized. Other lenders can be other multilateral or specialized development agencies (e.g., the regional development banks), bilateral aid agencies such as the Canadian International Development Agency (CIDA), official export credit institutions such as the Export Development Corporation (EDC), and commercial banks. Each entity that is providing financing for a portion of a project is called a cofinancer or a co-lender. The use of cofinancing in a project introduces procurement issues that are of concern not only to the borrowing country, but also to the prospective supplier. As cofinancers tend to limit procurement to suppliers from their own countries, it is important to determine if cofinancing is in place for that portion of the project of interest to you.

If the total financing for the project you are bidding on has not been completed, there may be an opportunity for you to be the catalyst for additional funds for the borrowing country to tap. In such cases, you could approach commercial banks, or EDC, to explore their willingness to lend the country money to pay for your services. You might also approach CIDA for funds on concessional terms. However, this must be done some time ahead of actual procurement, as CIDA's funds are allocated years in advance.

IFI officers dealing with individual projects are a good source of information on cofinancing. When you discuss your project with them, inquire about it. Procurement officers and other staff in the borrowing country will also know specifics on their own cofinancing needs.

## Consulting Opportunities

Opportunities abound for all types of consultants, both individuals and firms, willing and able to bring their expertise and experience to projects being undertaken by developing countries. In addition to the traditional need for specialized engineering services to study, design and manage the construction and operation of roads, dams, power stations, ports, etc., there is an increasing demand for expertise in areas such as human resource management and training.

While 90 per cent of the money being spent by borrowing countries on IFI-financed development projects goes for the purchase of goods, equipment and related services, and civil works, the remaining 10 per cent — over \$2 billion annually — is spent on consulting services. In fact, the success of a project is usually linked to the quality of the design, preparation, and co-ordination of implementation work. In the case of projects that have technical assistance as their principal objective, such as

nearly all UNDP-financed projects, the work of consultants can represent the total project input.

### Range of Consulting Services Needed

IFI-financed projects require consultants to perform a range of services. These include the following:

- prefeasibility and feasibility studies;
- sector studies;
- preparation of resource inventories;
- planning development strategies (overall, sectoral and institutional).

At different stages in capital or physical infrastructure projects, there is usually a need for various types of general and specialized engineering services, including the following:

- preparing capital and operating cost estimates;
- preparing performance specifications for turnkey contracts;
- preparing tender documents for bid invitations on goods, equipment and related services, civil works, and other procurement documents;
- preparing insurance requirements;

## The Project Cycle

The process through which a country's development needs are transformed into tangible loan proposals involves a "project cycle" which is characterized by dynamic interaction between the IFI and the borrowing country. This cycle has a direct bearing on the steps that you must take if you want to provide consulting services to the project. It is extremely important that consultants get involved in the early stages of a project so that you will be favoured for later work on the same project.

Each IFI uses a version of this World Bank model of the project cycle:

- assistance in the prequalification of suppliers and contractors;
- analysis and evaluation of bids;
- construction supervision and project management;
- assistance in procurement and coordination of inputs from suppliers and contractors; and
- assistance with start-up and initial operation of facilities.

For projects involving development of a country's socio-economic infrastructure (e.g., integrated rural development, urban shelter upgrading) and human resources (e.g., education, population planning, health and nutrition, etc.), consultants are required to provide technical assistance in a number of areas, including the following:

- overall development and sector planning;
- institution-building, including organizational and management studies, and staffing requirement and training studies; and
- various types of training activities.

- 
1. *Project Identification* — Based on economic and sector analyses previously carried out by the IFI and/or the borrowing country, projects are identified. Consultants may then be hired to perform prefeasibility studies to ensure that the project fits into and supports a coherent development strategy, that it meets sectoral objectives, and that it is considered suitable by both the IFI and the borrowing country.
  2. *Project Preparation* — The borrowing country examines and compares the technical and institutional alternatives for achieving

the project's objectives by undertaking feasibility and, later, more detailed studies of the most promising alternatives. At this stage, borrowing countries often supplement their own efforts by hiring consultants.

3. *Project Appraisal* — The IFI reviews all technical, institutional, economic and financial aspects of the project and lays the foundation for implementation and evaluation. IFI staff conducting the appraisal often call upon individual consultants to supplement their own expertise.
4. *Negotiations and Board Approval* — The borrowing country and the IFI jointly discuss the measures needed to ensure the project's success, including the appropriate methods of procurement. Agreements reached are embodied in loan documents, which are submitted to the Board of Directors for review. After the Board's approval, the loan agreement between the borrowing country and the IFI is signed.
5. *Project Implementation and Supervision* — The project's implementation is the responsibility of the borrowing country, which often hires consultants as project

managers. The IFI is responsible for supervision of the project's implementation, which involves close monitoring of the borrowing country's procurement activities for goods and works being financed by the IFI loan, to ensure that Bank guidelines for efficiency, economy, and equity in procurement are observed.

6. *Project Evaluation Ex Post Facto* — Once the loan has been fully disbursed, which can be as much as six years after implementation begins, the IFI undertakes an evaluation of project results. This helps future projects avoid cost overruns, procurement-related problems, and inferior consultant performance. Individual consultants may be used to supplement IFI expertise.

The process is a lengthy one. This, in itself, has implications on the way you approach this market. The World Bank estimates that it can take between two and five years to get a project through the first four stages of its cycle, and six or more years for project implementation. It should be noted that consultants are hired at almost every stage.

### Range of Consulting Services Needed during the Project Cycle

1. Project Identification	Resource inventories, sector studies, project formulation ("qualifying the objectives")
2. Project Preparation	Master plan, design, determination and allocation of resources, cost estimates, feasibility studies
3. Project Appraisal	Technical, institutional, economic and financial reviews
4. Negotiation and Board Approval	_____
5. Project Implementation and Supervision	Detailed engineering, time-scheduling, procurement, including the drafting of complete tender documents, cost control, programming of progress, supervision of works and sub-contracts
	Training of staff, operating instructions, running-in of plant, management and technical assistance
6. Project Evaluation Ex Post Facto	Post-project evaluations and analyses

## Your Strategy

Superimposed on the project cycle is the consultant selection process, which features review and approval by the IFI of every action taken by the borrowing country. Each IFI has guidelines that specify the nature of the IFI's role at each stage and that describe the procedures to be followed by its borrowing countries in selecting consultants. The IFI's guidelines also discuss the special role played by consulting engineers, and the procedures that are applicable when the IFI is contracting directly with consultants.

A key element to remember is that consultants, both firms and individuals, are involved in nearly every stage of the project cycle. Consulting firms help the borrowing country identify, prepare, and implement projects, including managing

their execution if necessary, and help IFIs deliver technical assistance. Individual consultants, meanwhile, help the IFIs appraise project viability, supervise implementation, and, occasionally, conduct ex post facto evaluations on project results.

The earlier you get involved in a project, the more likely you are to be involved throughout its cycle. All IFIs recognize the importance of continuity in consulting services. Consultants that have successfully carried out prefeasibility studies in the early stages of project identification may be asked to continue throughout subsequent phases without going through another competitive process against other firms.

The steps you must take to obtain IFI-financed contracts are similar to those used in your other marketing

endeavours, and include the following:

- assessing your firm and personnel's suitability;
- identifying potential markets for your services;
- analyzing countries where potential projects exist;

- identifying specific projects in which you have interest and experience;
  - promoting your services abroad and positioning yourself to bid;
  - registering your firm;
  - getting shortlisted;
  - submitting a winning proposal.
- 

## Assessing Your Suitability

Determine whether your firm's strongest technical capabilities and experience are marketable and whether you have the commitment to export to developing countries. This should be done prior to the early stages of the project cycle.

- Can you service both Canadian and overseas markets?
- Do you or your staff have any overseas experience, particularly in the developing world?
- Are you prepared to finance overseas travel to identify and pursue business opportunities?
- What are your staff's language capabilities? Are you prepared to supplement these if necessary?
- Is your staff willing to live abroad in difficult conditions for extended periods of time?
- Are you willing to invest the financial and human resources needed to obtain contracts from developing countries?
- Are you willing to enter into partnerships or joint ventures with local companies in developing countries?
- Are you willing to transfer technology or know-how?
- Is the calibre of your core staff high?
- Are you prepared to comply with the registration requirements

imposed not only by the IFIs but also by many developing countries?

By answering these questions, you can rule out doing business with certain types of countries and focus on those suitable for your services.

It is vital that you carry out this analysis carefully. If you decide your services are suitable for the market and that your company is prepared to expend the required resources, you can begin identifying market opportunities.

If you determine that your company is not in a position, or does not have enough experience, to pursue these opportunities but that your services are of a type normally sought by developing countries, you may want to explore one or all of the following:

- CIDA's bilateral program of government-to-government financing, which funds projects for which only Canadian suppliers are eligible;
- the UNDP or one of the UN agencies;
- subcontracting to one of the prime contractors or consultants for a major IFI-financed project. See UN publication, *Development Business* or its computerized data service, *Scan-a-Bid*, for contracts awarded under World Bank financing.

## Development Business

*Development Business* is a biweekly UN publication that carries the project pipeline lists (Monthly Operational Summaries) of both the World Bank and the Inter-American Development Bank. It also publishes the names and addresses of executing agencies in borrowing countries that you can contact for additional information. General and specific procurement notices are published for goods and services subject to international competitive bidding purchased through the UNDP, as well as through IFI financing. The notices generally list the details of the contracts for services, goods, equipment, and construction required for the particular project described, furnishing instructions for obtaining tender documents or for consideration as potential suppliers. Where possible, the titles and addresses of contact persons for each advertised project are listed for direct enquiries. Names of the winners of major World Bank contracts also regularly appear. (Subscription, \$250 per year.) *Scan-a-Bid* provides computerized (on-line) access to the same information. (Subscription \$60 per month extra.)

Development Business P.O. Box 5850 Grand Central Station New York, N.Y. 10163-5850 U.S.A.	Telephone: (212) 754-8030
	Telex: 232422 UNH UR
	Cable: UNATIONS NEWYORK, Attn: DFBE DC1-559

## Identifying Market Opportunities

Identifying and analyzing specific marketing opportunities should occur prior to the earliest stage of the project cycle. Your contacts with the executing agency and IFI personnel can be made as soon as projects enter active IFI consideration.

1. Identify potential markets for your services:

- Review country development plans to determine sectors and subsectors likely to require your services for prefeasibility or feasibility studies and for subsequent project identification. Trade officers in DEA's trade divisions can assist you in obtaining relevant documents, and can help you gain access to those documents kept in the International Documents Collection of the DEA Library. Desk officers at CIDA can also provide valuable information.

- Review IFI pipeline lists, available at DEA and DRIE. These list projects in each borrowing country that are undergoing identification, preparation, appraisal, and negotiation.
  - Review general procurement notices published in *Development Business*. These will serve as an indication of the types of projects being carried out. The notices are prepared by the borrowing countries and are published as needed during the course of project implementation
2. Analyze those countries where you have identified potential projects to determine those worth pursuing:
- Obtain information on the country: its size, climate, and terrain;

- demography; development state; present economic and political situation; cultural or religious considerations.
- Examine factors, such as the domestic capability for supplying consulting services, the presence of foreign consultants engaged in your line of work, the nature and extent of the competition, etc. Most of this research can be done in Canada, through numerous publications and meetings with trade experts in DEA and DRIE.
3. Identify specific projects in the IFI pipelines or procurement notices that offer marketing opportunities for your services:
- Contact officers in the trade development divisions in DEA's five geographic branches in Ottawa, for market information on the country you are interested in, and for assistance in contacting the Canadian embassy in the borrowing country for additional detailed project information, such as the names and addresses of officers in the executing agency, timeframe for the preparation of short lists, etc.
- Contact trade development officers in DRIE's twelve regional offices across Canada for advice on export market opportunities for your services. You can also register your company (at one of DRIE's regional offices) in DRIE's Business Opportunities Sourcing System (BOSS), which Canadian embassies abroad use to identify companies that can respond to development business opportunities around the world.
4. Other Sources of Information and Assistance:
- Association of Canadian Engineering Consultants (ACEC);
  - Other professional associations in your field;
  - Canadian Export Association;
  - Canadian Chamber of Commerce;
  - Foreign chambers of commerce in Canada;
  - Council of Canadian Trading Houses;
  - Your provincial trade department;
  - International departments of commercial banks.

## IFI PIPELINE LISTS

IFI	Name of List	Availability
World Bank	Monthly Operational Summary (MOS)	<ul style="list-style-type: none"> <li>— Consult MOS in DRIE regional office or DEA Library, Ottawa</li> <li>— Subscribe to <i>International Business Opportunities Service</i> (IBOS) of World Bank, through Canadian distributor</li> <li>— Subscribe to <i>Development Business</i> or consult it in DEA Library</li> </ul>
Inter-American Development Bank	Monthly Operational Summary (MOS)	<ul style="list-style-type: none"> <li>— Consult MOS in DRIE regional office or DEA Library, Ottawa</li> <li>— Subscribe to <i>Development Business</i> or consult it in DEA Library</li> </ul>
Asian Development Bank	Operational Information on Proposed Projects (OIPP)	<ul style="list-style-type: none"> <li>— Subscribe to OIPP or consult it in DRIE regional office or DEA Library, Ottawa</li> </ul>
African Development Bank	Quarterly Summary of Bank Group Operations and Annual Loan Program	<ul style="list-style-type: none"> <li>— Contact African Trade Development Division (GAT) of DEA</li> <li>— Consult Summary in DEA Library</li> <li>— Contact Canadian embassy in Abidjan</li> </ul>
Caribbean Development Bank	Monthly Operational Information	<ul style="list-style-type: none"> <li>— Contact Caribbean Trade Development Division (LCT) of DEA</li> <li>— Contact Canadian high commission in Bridgetown, Barbados</li> </ul>

## Promoting Your Services

Promoting your firm and its services should occur prior to, or during, the project identification stage of the project cycle.

Since the borrowing country establishes the long and the short lists of qualified consultants, evaluates

proposals, and decides who to enter into contract negotiations with, most of your promotional activities should be targeted there. IFIs, however, do play an important role in monitoring and approving the process of consultant selection, and in some cases,

retain consultants directly. It is therefore necessary for you to become known by the IFI. An IFI cannot add your name to a short list drawn up by an executing agency; however, it can delete it if your firm is perceived as not being capable of performing the required service. It is important that you make the IFI aware of your capabilities. Again, do this early. It will enhance your chances of being favoured for later work on the project.

The techniques you might use to promote your services in a new market will vary somewhat according to the type of consulting in which you are engaged. However, your objective should be to convince the officials handling the project, both in the IFI and in the borrowing country, that your previous experience qualifies you to undertake the project, and that your methods and proposed approach are appropriate to the project's needs. Your efforts are likely to be enhanced by frequent visits to the country. There is no substitute for personal contact between you and your prospective client. In this regard, it may be a good idea to obtain a partner in the borrowing country, and to establish contacts there who can represent you in your absence.

Another way to make your services especially attractive is to offer your services to the prospective client with a financing package already in place. This can come from sources such as CIDA (various elements of its Industrial Co-operation Program), from various Canadian tied funds administered through IFIs (e.g., the Canadian Project Preparation Fund in the IDB and the Canadian Fund for Technical Assistance in the AfDB), or from the Export Development Corporation (EDC).

#### **Before you go:**

1. Contact the executing agency and advise them, without expecting a reply, of your intention to visit. Draft your letter carefully to make

a good impression and express your interest in meeting project officers. (Refer to DEA publication *So You Want to Export...* for valuable tips, available through Info Export.) Address your letter to the appropriate person or office in the executing agency and send it the quickest way possible. Send a copy of the letter to the Canadian embassy in the country and request their assistance in following up.

2. Review and, if required, revise your company literature to make it suitable for the country you are about to visit. Make sure it is clear and in the business language used there.
3. When trip dates have been decided, notify the commercial counsellor at the Canadian embassy in the country of your intention to visit. (Refer to the *Business Directory of Canadian Trade Representation Abroad*, available through Info Export.) Indicate the kind of assistance you will need (e.g., introductions, briefings on local customs and business practices, identification of potential partners or representatives, lists of interpreters or translators, etc.).
4. Arrange a meeting with the IFI. This can be done through the Canadian embassy in the IFI headquarters city and may coincide with your trip to the borrowing country if they are in the same general region.
5. Find out the do's and don'ts of the country you are going to visit. For example, socializing is often part of the business aspect of your trip, while carrying suitcases and rushing through meetings is frowned upon. Try and talk to others who have made similar trips.
6. Make your travel arrangements, including passport, visas and/or other entry documents, vaccinations, etc.

#### **While abroad:**

1. Meet with trade officers at the Canadian embassy to be briefed on the topics outlined in your letter to them.
2. Meet key officers at the executing agency to discuss the project. Promote your services.
3. If the IFI maintains a field office in the country, meet with IFI staff to introduce your company and its services. Make sure, if you have not already visited the IFI headquarters, that you do so while abroad. Meet with the project officer to obtain additional information.
4. Establish an information network (e.g., local consultants, professional associations, etc.) that can provide you with information on the type of competition your service may face in that market.
5. Establish business contacts who can represent you in your absence and explore the possibility of entering into partnerships with

local consultants. The Canadian embassy can help with introductions.

6. Find out about the country's registration requirements for foreign firms.

#### **When you return:**

1. Write courtesy letters to all the people you met during your trip. This effort will have its rewards and may jar the memory of officers in the executing agency when they are preparing lists of qualified consultants. It can also ensure your continued access to information from IFI staff.
2. Nurture your contacts and stay informed of developments in the project cycle. Follow up your initial visit with other visits as appropriate. The more closely you monitor developments, the better placed you will be to respond effectively to an invitation to pre-qualify and, eventually, submit a proposal.

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## **Registration**

Entering yourself on each IFI's roster of consultants is your first step towards being included on a short list of firms being invited to submit proposals on a specific project.

All of the IFIs accept the same registration form for firms wishing to be included in the computerized DACON (Data on Consulting Firms) system. Forms and accompanying instruction booklets are available from DEA's geographic trade divisions, DRIE regional offices, and IFI liaison officers at Canadian embassies in IFI headquarters cities. It is your responsibility to send the required number of completed forms and any information updates to the IFI. Note the following points:

- An IFI will not normally verify the data that you provide. Putting your firm on its roster does not imply

that it approves of or endorses your firm with respect to others. It means only that it has information concerning your firm's self-described capabilities.

- When registering, do not include all sectors in which your firm has capabilities. Highlight only those in which your firm has the most experience and which you particularly want to promote. If, for some reason, your firm finds itself listed as being qualified for a sector that you did not specify, contact the IFI and have the information corrected. Do not lessen your chances for prequalifying to bid by including sectors in which your expertise is not extensive.
- In most cases, the borrowing country establishes the short list of firms to be invited to submit

proposals. Only in rare cases does an IFI assist the borrowing country in doing this. If it does, there is no certainty that the IFI will use the DACON roster; however, being registered is a precondition to being considered for the short list.

- Most IFI's maintain rosters for individual consultants. Firms may wish to register their staff members individually in such rosters,

in accordance with each IFI's method for doing so. Contact the Canadian embassy in the IFI headquarters city for information concerning this. Individual consultants who wish to register at the AsDB for participation in fact-finding and appraisal work must complete a DICON form, available from the Canadian embassy in Manila, or from the AsDB directly.

## Getting Shortlisted

The borrowing country begins its consultant selection process by preparing a long list of eligible firms. Firms on this list are then asked to submit prequalification documents for a specific project. Information requested will include the following:

- experience on similar work;
- nationality of firm's ownership;
- reputation;
- financial position;
- qualifications of personnel;
- work experience in developing countries.

On the basis of the documents submitted, the borrowing country draws up a short list of qualified

firms. Whenever possible, firms from a variety of countries, including other developing countries and the borrowing country itself, are considered. Joint ventures between local and foreign firms, particularly on large projects, are also encouraged. The IFI must approve the short list.

Occasionally, borrowing countries approach a firm of their choice. This can occur when the firm has performed similar work on the same or a similar project, or when the firm has expertise not widely available. The IFI must approve this approach, as well as the firm selected.

## Submitting a Proposal

Once your firm has been prequalified by the borrowing country, and the IFI has approved the short list, you will receive a letter of invitation to bid or request for proposal (RFP). The RFP is usually quite detailed. It states clearly the Terms of Reference according to which the assignment is to be carried out, the selection procedure, and the evaluation method to be used by the borrowing country. Your proposal should address each point raised in the RFP.

The most important element of an RFP is the Terms of Reference sec-

tion, which is mutually agreed upon by the borrowing country and the IFI. The Terms of Reference describe the work to be done, and are eventually integrated into the contract awarded to the consultant. Terms of Reference normally contain the following:

- a statement of the assignment's purpose and the project's objectives;
- nature and timing of the required services;
- organization of the work to be done and how consultants and field staff will interact;

- services, facilities, and other inputs to be provided by the borrowing country;
  - outputs, e.g., reports, drawings, etc., required from the consultants.
- The Terms of Reference may also contain some or all of the following:
- a list of attachments, which can include a draft contract, a sample curriculum vitae, and supplementary information on what the borrowing country expects to find in the proposal;
  - site visits that must be made and the names of key officials that consultants should contact when visiting the project country;
  - details of the selection procedures to be followed. These will specify whether price will be considered in the technical evaluation or not;
  - an estimate of the consultant person-months required, or the budget for the assignment, or the estimated cost of the facility to be designed;
  - details and status of any relevant external financing or cofinancing;
  - the number of other firms being invited to submit proposals (names are sometimes provided);
  - the nature of the financial or other information that the selected firm must provide during contract negotiations;
  - information on relevant local laws affecting the consultant contract;
  - the method for submitting the proposal, i.e., whether a two-envelope system is being used;
  - information on how to respond to the RFP, the time allowed for submission of proposals, and the period for which the consultants' proposals (including personnel and price) are to remain valid; and
  - a statement concerning potential conflict of interest. For example, consulting firms that are hired on a particular project cannot supply their own equipment or construction services to the same project.
- 

## Evaluation of Proposals

Two types of approaches are used by borrowing countries when evaluating proposals from consultants: technical evaluation, and technical evaluation with price consideration. With either approach, quality, both of the key personnel and of the work to be provided by the consulting firm, is the most important factor in consultant selection.

### Technical Evaluation

If this approach is followed, three aspects of a proposal are generally considered:

- the qualifications and competence of the proposed personnel;
- the firm's experience in relation to the assignment; and
- how adequate the proposed work plan and approach are in relation to the Terms of Reference.

The relative importance of each of

these factors varies with the type of assignment. Each is typically given a numerical rating. For most assignments, personnel considerations are a key factor.

When the proposed personnel are evaluated, three areas of each curriculum vitae are examined closely:

- general qualifications: This includes education, training, types of positions held, publications, memberships, etc.;
- qualifications specific to the project: This involves a detailed consideration of past experience as it relates to the current assignment; and
- experience in the region: This includes linguistic ability and experience in similar developing countries.

## Technical Evaluation with Price Consideration

If this approach is followed, consultants are invited to submit price proposals. The degree to which price can be considered in the selection process depends on these aspects:

- the complexity of the assignment. In less complex and technically straightforward tasks, such as engineering of a secondary road or of a rural water supply system, price is likely to be taken into consideration;
- the assignment's overall impact. If there is little chance that serious consequences could result from mistakes on the assignment, price is more likely to be taken into consideration; and
- the probability that work done by another firm will lead to similar results. For example, in routine engineering or construction assignments, price is likely to be taken into consideration.

The IFI guidelines for consultants state that proposals should be unpriced, and that financial terms are to be discussed only with the firm that has been selected on the basis

of technical merit. However, the guidelines allow a "two-stage procedure" to be followed when price is considered to be relevant to the evaluation process. The two-stage procedure involves the simultaneous but separate submission of technical and financial proposals in sealed envelopes. When the technical evaluations have been completed, all price proposals are reviewed.

A variant of the two-stage procedure, called the "two-envelope system," is based on the premise that prices should be requested but not compared. This procedure is recommended and used by some of the IFIs. According to this procedure, technical and financial proposals are called for at the same time, but are to be submitted in separate, sealed envelopes. After completion of the technical evaluation, the financial envelope of the firm with the best-rated technical proposal is opened and negotiations between the firm and the borrowing country begin. If these negotiations result in a contract, the financial envelopes of the other firms are returned unopened.

## Negotiating a Contract

If your firm's proposal is judged the best, and you have been invited to negotiate with the borrowing country, you should review the details of the Terms of Reference to ensure that there is a mutual understanding of their meaning. You should then discuss any suggestions you may have on the scope of the assignment, as well as the legal and contractual requirements that are to be incorporated into the contract.

In the final stage of negotiations, the financial terms to be stipulated in the contract are discussed and agreed upon. There are several types of financial terms used:

- Time-based or person-month contracts — cost of salary plus a fac-

tor that accounts for your firm's overhead, fee, and profit. These contracts usually include an overseas allowance, and reimbursement for expenses incurred. These contracts are widely used for general planning and feasibility studies, design and detailed engineering projects, and construction supervision or technical assistance assignments.

- Fixed lump sum contracts — fixed for the life of the contract and normally negotiated on percentages that represent the norms for particular types of work, or on estimated inputs of personnel and other items. Payments are made against

an agreed time or progress schedule. These contracts are widely used where the Terms of Reference can be clearly defined, such as in detailed engineering assignments, particularly in the industrial sector.

- Cost plus fixed fee contracts — costs are for anticipated personnel and materials needed to complete the work, with a fixed time schedule for completion of the assignment. The fixed fee is negotiated on the basis of management input required and technical knowledge involved. These contracts are

widely used with preparation and commissioning work for industrial and process engineering projects.

- Per diem plus incurred direct expenses contracts — commonly used when individual consultants are used.

Whichever type of contract is agreed upon, the details of the financial terms will have to be negotiated by you and the borrowing country. Keep in mind that although your profit on your first contract with a developing country may not be large, successful completion of a first assignment will often lead to further contracts.

## PART II

# INTERNATIONAL FINANCIAL INSTITUTIONS (IFIs)

### Common Features of IFIs

All five of the international financial institutions outlined here share common characteristics:

- Their *common goal* is to participate in the ongoing efforts of Third World countries to accelerate economic growth and social development.
- Their *function* is to lend capital and provide policy advice to enable developing countries to carry out specific projects, mainly in the public sector. Projects are chosen for their medium and long-term benefits to the borrowing country's economy and must generate tangible returns to help repay the loan.
- *Membership* in the IFIs is composed of sovereign governments from developed as well as developing countries. Each member subscribes to the organization's capital according to predetermined amounts; some members voluntarily contribute to special categories of resources used to make loans on concessional (easier) terms.
- *Operational authority* comes from a Board of Governors in which each member country is individually represented (usually the country's finance or aid minister or equivalent). The Governors, in turn, delegate day-to-day responsibility for operations to a Board of Directors, in which groups of countries are represented collectively by an Executive Director, chosen by ballot. (Canada is represented in each IFI Board of Directors by a Canadian national.)
- *Voting power* within each organization is a function of each member's relative share of the capital subscriptions; however, decisions

- are normally taken by consensus.
- IFIs finance most of their lending operations out of *borrowings* in the international capital markets (up to nine dollars borrowed for every one dollar subscribed).
- IFIs make loans on different terms, depending on whether the borrowing country is creditworthy or too poor to afford interest payments. For the former, the IFIs lend money from their *ordinary capital resources* and charge interest over the life of the loan. For poorer borrowing members, money is made available from special *concessional resources* at no, or very low, interest for longer periods. Because Canada contributes to both of these resources in all of the IFIs, Canadian companies are eligible to submit proposals for consulting work financed by either type of loan.
- *Procurement* of goods, equipment and related services, and civil works, with the proceeds of IFI loans must be done in a manner that maximizes the effectiveness of public expenditures, provides borrowing countries with best value for their money, and gives potential foreign suppliers a chance to participate.
- For *consulting services* financed by their loans, IFIs recommend an approach in which *quality* is the overriding factor in consultant selection. Normally, borrowing countries have the primary responsibility for selecting consultants, with IFIs vetting various steps in the process, including the final selection. As outlined in Part I, IFIs can also contract directly for consulting services.

- The IFIs have no formal links to each other; they operate *autonomously* but frequently collaborate on projects.

There is no connection between the size of Canada's share in the capital of an IFI and the number and value of consultant contracts awarded to Canadian firms. Canada's member-

ship in these organizations merely entitles you to compete with other would-be suppliers of consulting services to developing countries. Your success in obtaining actual business depends solely on your company's willingness and ability to properly market and offer a competitive service.

## The World Bank

Address:	The World Bank 1818 H Street, N.W. Washington, D.C. 20433 U.S.A.
Telephone:	(202) 477-1234
Telex:	(By RCA) 248423 WORLDBK (By Western Union) 64145 WORLDBANK
Cable:	INTBAFRAD WASHINGTON
Members:	148 countries; nearly 80 borrowing members
Staff:	Approx. 6,000; over 100 nationalities represented
Working Language:	English
Lending Territory:	Developing countries throughout the world
Lending Categories:	<ul style="list-style-type: none"> <li>• Ordinary capital lent on IBRD (International Bank for Reconstruction and Development) terms</li> <li>• Concessional capital lent on IDA (International Development Association) terms</li> </ul>

### Organization of Lending Functions

The World Bank divides its borrowing members into six regions, each headed by a Vice President. The units, called Regional Vice Presidencies and located in Washington, represent the following regions:

- Eastern and Southern Africa
- Western Africa
- Europe, Middle East, and North Africa
- South Asia
- East Asia and Pacific
- Latin America and Caribbean

These are divided into Programs and Projects Departments. The

officers in the Programs Department, referred to as loan officers, are generally economists and are responsible for assessing the borrowing country's development needs and creditworthiness.

The staff member of greatest importance to the consultant is the Project Officer, who is responsible for shepherding a given project through its various processing stages, including consultant selection. This individual is usually on the staff of a Projects Division within a Regional Vice Presidency (RVP) in Washington.

The sectors handled outside of the RVPs are those reporting to the Energy and Industry Vice Presidency and include oil and gas, mining, chemicals, fertilizers, telecommunications, and new technologies. Project officers are important sources of information for consultants involved in these sectors.

Individual consultants should contact the Personnel Management Department's Staffing Division, at the main address, for information.

Nearly all of the World Bank's operational work is carried out by staff working at headquarters and travelling back and forth to the field. The Bank also maintains field offices in 34 developing countries around the world. These generally perform a liaison function between the Bank and the country or region, but are not the focal point in decision-making. This remains centralized in Washington.

### Priority Sectors for Lending

In the 1984 fiscal year, the World Bank committed new loans and credits totalling \$15.5 billion to projects in the following sectors:

	%
• energy	22.7
• agriculture and rural development	22.4
• transportation	16.7
• non-project lending	8.9
• financial intermediaries	6.2
• education	4.5
• small-scale enterprises	4.3
• water supply and sewerage	4.1
• industry and mining	3.5
• urban development	3.2
• population, health, and nutrition	1.6
• telecommunications	1.1
• technical assistance	0.9

### For Information

1. *International Business Opportunities Service (IBOS)* — incorporates all available information on World Bank-financed consulting and procurement opportunities, from the earliest stage of project identification to the final stage of contract awards by borrowing

countries. Includes Monthly Operational Summary (MOS); weekly list of technical data sheets (TDS) as each project is approved by the Board; bi-weekly procurement notices; and contract awards for goods or equipment valued at \$1 million, for civil works over \$5 million, or for services, including consulting services, in excess of \$500,000. Subscriptions to IBOS are available for Cdn \$315 a year from the Canadian distributor of World Bank publications:

Le Diffuseur  
(Attention:  
Mme Suzanne Vermette)  
P.O. Box 85  
Boucherville, Quebec  
J4B 5E6  
Tel: (514) 641-1334

2. *Guidelines for Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency* — available when you subscribe to IBOS, from the Office for Liaison with the International Financial Institutions (OLIFI) at the Canadian embassy in Washington, from the World Bank directly, and from DRIE regional offices and DEA trade officers.
3. *The World Bank Telephone Directory* — contains a detailed organizational listing of management, from senior vice presidents down to division chief level. It is a valuable tool for identifying key individuals in Projects Divisions and gaining direct access to Bank staff. Published four times a year; available at the World Bank Book Store in Washington, or by subscription for Cdn \$7 per issue. Contact Le Diffuseur (above).
4. *Development Business and Scan-A-Bid* — for World Bank MOS, procurement notices, and contract awards. See page 11 for subscription information.
5. *Monthly Procurement Seminars* — held in Washington (duration: three hours). Contact OLIFI at the Canadian embassy in Washington for information on scheduled dates.

## Inter-American Development Bank (IDB)

Address:	Inter-American Development Bank 808 17th Street, N.W. Washington, D.C. 20577 U.S.A.
Telephone:	(202) 634-8000
Cable:	INTAMBANC Washington, D.C.
Members:	43 countries; about 30 borrowing members
Staff:	Approx. 2,000, of which nearly 600 are in field offices; some 40 nationalities represented
Working Languages:	Spanish and English
Lending Territory:	Developing countries in Central and South America, and the Caribbean
Lending Categories:	<ul style="list-style-type: none"><li>• Ordinary capital is lent on hard terms</li><li>• Concessional capital is lent from the Fund for Special Operations</li><li>• Canadian Project Preparation Facility resources are used to carry out basic studies, prefeasibility and feasibility studies, and final engineering studies in least developed IDB member countries</li></ul>

### Organization of Lending Functions

IDB lending operations are grouped under an Operations Department and a Project Analysis Department. Operations are further subdivided into three regions, each of which has divisions that handle individual countries. Project Analysis is subdivided into two divisions: Agriculture and Social Development; and Infrastructure, Energy and Industry.

The IDB maintains field offices in each of its 23 Latin American member countries. Their role is more substantive than that played by field offices of other IFIs. IDB field office staffs help identify new projects, administer approved loans, and supervise project execution. They are also closely involved with procurement matters and with consultant selection.

The technical specialist in the Project Analysis Department in Washington can assist you in obtaining infor-

mation on consultant requirements for projects in sectors of his/her area of expertise. These officials are particularly important for early information or if you are unable to visit the project country. Once projects have reached the detailed engineering phase, however, it is the sector specialist in the field office who will be in a position to provide you with information on the specifications, bid requirements, evaluation of bids, etc.

### Priority Sectors for IDB Lending

In 1984, the Inter-American Development Bank committed new loans totalling \$3.56 billion in the following sectors:

- *productive sectors*, including agriculture and fisheries, industry and mining, and tourism

%

44.8

- |  |      |   |
|--|------|---|
| • <i>physical infrastructure</i> , including energy, and transportation and communications   | 35.3 | 2. <i>Use of Consulting Firms by the IDB and its Borrowers</i> — available from IDB, from the OLIFI at the Canadian embassy in Washington, and from DEA trade officers.                           |
| • <i>social infrastructure</i> , including environmental and public health, education, science and technology, and urban development | 16.4 | 3. <i>Use of Individual Consultants — IDB Technical Co-operation Projects</i> — available from IDB, the OLIFI at the Canadian embassy in Washington, and from DEA trade officers.                 |
| • <i>other operations</i> , including export financing, and pre-investment and other activities                                      | 3.5  | 4. <i>The Inter-American Development Bank Telephone Directory</i> — organizational listings of managers to division chief level. Free upon request from IDB.                                      |
|  |      | 5. <i>Procurement Profiles</i> — a description of each project as it receives Board approval. Available on a per project basis from IDB and from the OLIFI at the Canadian embassy in Washington. |

#### **For Information**

1. *Monthly Operational Summary (MOS)* — a listing by region and sector of each project that is being considered for possible IDB financing. Available only by subscribing to *Development Business*, (see page 11).

## **Asian Development Bank (AsDB)**

Address:	Asian Development Bank P.O. Box 789 Manila Philippines 2800
Telephone:	831-7251 and 831-7211
Telex:	(By RCA) 23103 ADB PH (By ITT) 40571 ADB PM (By ETP) 63587 ADB PN
Cable:	ASIANBANK Manila
Members:	45 countries; about 30 are borrowers
Staff:	Approx. 1,500; 34 nationalities represented
Working Language:	English
Lending Territory:	Developing countries in Asian and Pacific regions
Lending Categories:	<ul style="list-style-type: none"> <li>• Ordinary capital is lent on AsDB (Asian Development Bank) terms</li> <li>• Concessional capital is lent on AsDF (Asian Development Fund) terms</li> <li>• Special funds are channelled through the Technical Assistance Special Fund (TASF) to which Canada has committed \$3.3 million for technical assistance from Canadian sources</li> </ul>

## **Organization of Lending Functions**

- The Asian Development Bank administers its lending functions through the following departments:
- Country Department — organized on a geographic basis; plans the Bank's lending, technical assistance and work programs for each developing member country and processes loan and technical assistance projects in collaboration with Projects Departments;
  - Projects Departments — organized on an industry sector basis: Agriculture, Irrigation and Rural Development, Infrastructure, and Industry and Development Banks — carry out project appraisal work, administer loans, and supervise project execution;
  - Central Projects Services Office — plans, monitors, and reviews the Bank's project supervision and loan administration activities and provides advice on procurement matters.

The Country Department is most involved in the earlier stages of a project, gradually relinquishing control to the Projects Department. After loan approval, both Country Department and Projects Department staff are useful contacts. Once project implementation begins, most detailed work is handled by the Projects Department staff.

The Asian Development Bank maintains two offices in the field. The role of the Bangladesh Resident Office in Dhaka is to strengthen the working relationship between the Bank and the Bangladesh authorities. The function of the South Pacific Regional Office, located in Port Vila, Vanuatu, is to focus on the development needs of its South Pacific island member countries.

**NOTE:** The Asian Development Bank is unique in that it hires consulting firms directly for prefeasibility and feasibility studies, project preparation, and detailed design financed under its Technical Assistance activities. Projects Department staff will

be your primary sources of detailed information on such projects.

## **Priority Sectors for Asian Development Bank Lending**

In 1984, the Asian Development Bank committed new loans totalling \$2.23 billion to projects in the following sectors:

	%
• energy	34.32
• agriculture and agro-industry	33.92
• transport and communications	17.06
• education	5.37
• water supply and sanitation	4.64
• development banks	2.42
• multisector	1.55
• health and population	0.72
• industry and non-fuel minerals	(no lending in 1984)
• urban development	(no lending in 1984)

## **For Information**

1. *Operational Information on Proposed Projects (OIPP)* — monthly listings of Technical Assistance activities and project loans being considered by AsDB. Available by subscription, \$28 per year, from AsDB Information Office — main address.
2. *Development Business and Scan-A-Bid* — publish procurement notices. See page 11 for subscription information.
3. *Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers* — available from DEA trade officers, Canadian embassy in Manila, and AsDB.
4. *News Releases* — for each project approved by the Board; a Project Information Sheet accompanies the release, describing among other things the consulting services provided for in the loan. Available upon request from AsDB Information Office, main address.

## African Development Bank Group (AfDB)

Address:	African Development Bank Group 01 B.P. No. 1387 Abidjan 01 Ivory Coast
Telephone:	32-07-11
Telex:	3263, 3282, 3498, 3717
Cable:	AFDEV ABIDJAN
Members:	73 countries; about 35 borrowing members
Staff:	Approx. 800
Working Languages:	English and French
Lending Territory:	Developing countries in Africa
Lending Categories:	<ul style="list-style-type: none"><li>• Ordinary capital is lent on AfDB (African Development Bank) terms</li><li>• Concessional capital is lent on AfDF (African Development Fund) terms</li><li>• Resources from the Canadian Fund for Technical Assistance (CFTA) are used for pre-investment and other studies by Canadian consultants and engineers</li></ul>

### Organization of Lending Functions

Responsibility for AfDB's lending operations is divided among the following departments:

- Country Programs Departments I and II — which maintain the Group's relations with African states and draw up lending programs for each borrowing member;
- Agriculture and Rural Development Department, and Infrastructure and Industry Department — which process projects in their respective sectors.

Project officers in the sector departments will be important sources of information for you on specific projects.

The African Development Bank Group maintains small field offices in Cameroon, Kenya, and Zimbabwe.

### Priority Sectors for African Development Bank Group Lending

In the 1984 fiscal year, the African

Development Bank Group committed new loans totalling \$880 million to projects in the following sectors:

	%
• agriculture, including agricultural lines of credit	24.6
• transport	24.6
• public utilities	21.2
• industry, including industrial lines of credit	18.1
• education and health	11.5

### For Information

1. *Quarterly Summary of Bank Group Operations and Annual Loan Program* — information about projects in the Bank Group's active pipeline. Available from DEA's Africa Trade Development Division (GAT), and from the Canadian embassy in Abidjan.
2. *Development Business and Scan-A-Bid* — publish procurement

notices. See page 11 for subscription information.

3. *The Use of Consultants* — avail-

able from DEA's Africa Trade Development Division (GAT) and from the Canadian embassy in Abidjan.

## Caribbean Development Bank (CDB)

Address:	Caribbean Development Bank P.O. Box 408 Wildey St. Michael Barbados
Telephone:	(809) 426-1142 (Headquarters Building) (809) 427-8100 (Projects Department)
Telex:	WB 2287
Cable:	CARIBANK Barbados
Members:	23 countries; 17 are borrowers
Staff:	Approx. 200; 18 nationalities represented
Working Language:	English
Lending Territory:	Developing countries in the Caribbean and the Gulf coastal states
Lending Categories:	<ul style="list-style-type: none"><li>• Ordinary capital resources are lent on hard terms</li><li>• Special Fund Resources are lent on concessional terms</li></ul>

### Organization of Lending Functions

Of the CDB's five departments, two — Economics and Programming, and Projects — are directly involved with lending operations. Both are further subdivided along country and sector lines. Project officers in the Projects Department are good contact points for information on specific projects.

### Priority Sectors for CDB Lending

The Caribbean Development Bank committed about \$50.6 million in net new loans in 1984. Over the last 10 years, the sector distribution of its lending has been as follows:

	%
• agriculture	25.8
• industry	15.9
• housing	8.4
• ports	9.4

• other infrastructure	34.1
• tourism	3.7
• student loans	1.0
• miscellaneous other categories	1.7

### For Information

1. A monthly *list of projects in the CDB pipeline* — can be obtained from DEA's Caribbean and Central America Trade Development Division (LCT) or from the Canadian high commission in Bridgetown, Barbados.
2. *Guidelines for Choice of Consultants* — available upon request from The Bank Secretary, main address, from DEA's Caribbean and Central America Trade Development Division (LCT), and from the Canadian high commission in Bridgetown.

3. *CDB Press Releases* — timely information on loans approved by the Board. Available by free subscription through Information Office at main address.

4. *Development Business and Scan-a-Bid* — publish procurement notices. See page 11 for subscription information.

## United Nations Development Program (UNDP)

The United Nations Development Program (UNDP) is the central funding and planning agency for technical assistance activities undertaken by UN agencies. These activities focus on fostering human and institutional development and enhancing managerial and planning capabilities through the transfer of technology, know-how, and training.

There is a fundamental difference between an IFI and the UNDP. The former provides money for a developing country to buy goods and consulting services needed to carry out a project; the borrowing country itself is usually the client of the consulting firm. The UNDP provides technical assistance in kind, not in cash: it contracts and pays for the services of experts and consultants. It also finances the costs of providing training for developing country nationals in their home countries or abroad. As a Canadian consultant, it is important to understand that, in this sector of the market, the client for your product is the UNDP itself, or one of its "executing agencies," not the country that is receiving the technical assistance.

This market may be of special interest to you since providing consulting services directly to one of the UN agencies does not depend on extensive marketing in developing countries. Thus, it can serve as your firm's introduction to the world of international consulting. Eventually, the experience and track record you develop this way might serve as a stepping stone to full-scale participation in IFI-financed projects.

### Scope of UNDP Work

The UNDP provides financing and

technical support to many thousands of projects in agriculture, industry, education, power production, transport, communications, public administration, health, housing, trade, etc. Its project work covers five main fields:

- surveying and assessing natural resources; industrial, commercial, and export potentials; and other development assets;
- stimulating capital investments to help realize these possibilities;
- training in a wide range of professional and vocational skills;
- transferring appropriate technologies and stimulating the growth of local technological capabilities; and
- economic and social planning, with particular emphasis on meeting the needs of the poorest segments of the population.

Most UNDP projects are designed to be "self-continuing" with national personnel taking over all operations as UNDP support phases out. However, some projects go on to become IFI-financed projects.

### Nature of Commercial Opportunities

Since UNDP technical assistance projects are much more expertise oriented than equipment intensive, the bulk of its money is spent on individual experts, consulting firms and training.

On average, a UNDP project's costs will be broken down into the following proportions:

- over 50 per cent project personnel;
- about 25 per cent consulting contracts, training services and fellowships;
- 25 per cent equipment and supplies.

## How the UNDP Functions

The planning and executing process for UNDP is quite complex. First, a country program is drawn up, through discussions between the UNDP's resident representative and the country concerned. On the basis of this program, projects are chosen and designed by the recipient government in consultation with the UNDP office, in light of available funding for that year. Once the UNDP has decided to finance a particular project, it turns over the funds as well as the responsibility for executing the project to another UN agency specialized in the sector — e.g., Food and Agriculture Organization, World Health Organization, International Civil Aviation Organization, etc. — or to the World Bank or one of the regional development banks. This entity becomes the executing agency for that project.

In over 90 per cent of the cases, UNDP technical assistance projects are subcontracted in this way to other UN agencies for execution. It is these agencies that are the potential clients for your services. A limited number of projects are executed directly by the UNDP's Office of Projects Execution (OPE) in New York.

Each of the executing agencies of the UNDP maintains lists or registers of potential suppliers. It is necessary for you to take the initiative in contacting the agencies that are specialized in the sector(s) to which your service relates and register as an interested party. Forms are available from DEA, from Canada's Permanent Mission to the UN in New York, or from the UNDP directly.

Commercial counsellors in the Canadian embassies in the cities where the agencies are located, including New York, can assist you in identifying the relevant offices and individuals to see and in setting up appointments once you are ready to make a trip.

The Association of Consulting Engineers of Canada (ACEC) is active in interesting its members in UN procurement opportunities.

The UN's Inter-Agency Procurement Services Unit (IAPSU) in Geneva, Switzerland, serves as a business information centre to assist potential suppliers of goods and services to the UN system. Though not a central procurement office, IAPSU provides assistance of various kinds to the UN agencies and transmits procurement notices for UNDP-financed projects to *Development Business* and *Scan-a-Bid* (see page 11 for subscription information).

## Executing Agencies for UNDP-financed Projects

A list of UN agencies and other organizations that act as executing agencies for projects financed by UNDP is provided below. Note that the most promising business opportunities for Canadian exporters are available through the agencies located in New York, Geneva, Rome, and Vienna; other opportunities also exist in those found in Montreal, Paris, London, and Nairobi. Important addresses for procurement information are in Part III, Reference.

### NEW YORK

- United Nations Development Program, Office of Projects Execution(UNDP/OPE)
- UN Department of Technical Cooperation for Development (DTCD)
- United Nations International Childrens' Emergency Fund (UNICEF)

### GENEVA

- International Labour Organization (ILO)
- International Telecommunications Union (ITU)
- UN Conference on Trade & Development (UNCTAD)
- World Health Organization (WHO)
- World Intellectual Property Organization (WIPO)
- World Meteorological Organization (WMO)

#### ROME

- Food and Agriculture Organization of the United Nations (FAO)
- International Fund for Agricultural Development (IFAD)

#### VIENNA

- UN Industrial Development Organization (UNIDO)
- International Atomic Energy Agency (IAEA)

#### MONTREAL

- International Civil Aviation Organization (ICAO)

#### PARIS

- United Nations Educational Scientific and Cultural Organization (UNESCO)

#### LONDON

- International Maritime Organization (IMO)

#### NAIROBI

- UN Centre for Human Settlements (HABITAT)

#### For Information

1. *Quarterly Project Listing* — On a quarterly basis, the UNDP provides a Project Listing of all UNDP-financed projects which provide

for consulting work (referred to as subcontracts) or training valued over \$20,000, and equipment purchases over \$50,000. This list provides the title of the project, which should be a clue to the type of services needed, the financial allocation, and the project number. Available for consultation in DEA Library's International Documents Collection.

2. *Development Business* (and *Scan-a-Bid*) — This biweekly UN publication carries procurement notices for goods and services subject to international competitive bidding purchased through the UNDP, as well as through IFI financing. See page 11 for subscription information.
3. *General Business Guide for Potential Suppliers of Goods and Services to the United Nations System* — a 75-page booklet that includes the addresses and description of executing agencies, and information on registration and selection procedures for contract award. Published for UNDP by IAPSU and available upon request from the Permanent Mission of Canada to the UN in New York, from the UNDP directly, or from IAPSU in Geneva.

## PART III REFERENCE

### Federal Offices and Crown Corporations

#### Department of External Affairs (DEA)

General Mailing Address:

Department of External Affairs  
Lester B. Pearson Building  
125 Sussex Drive  
Ottawa, Ontario  
K1A 0G2

Telex: 053-3745

Cable: EXTERNALOTTAWA

Telephone: See numbers listed below.

1. For general information on how to approach IFIs and UN agencies:  
**Export Finance and Capital Projects Division (TEF)** (613) 996-7155
2. For marketing assistance on a specific IFI-borrowing country, call the appropriate trade division and ask for the responsible Desk Officer. For telex, use the general telex number and the division acronym, e.g., GAT.

<b>Africa (GAT)</b> (North and Sub-Saharan Africa)	(613) 990-6591
<b>Middle East (GMT)</b> (includes Gulf)	(613) 993-7030
<b>East Asia (PET)</b> (China, Korea, Laos, Cambodia, and Viet Nam)	(613) 995-7575
<b>South and Southeast Asia (PST)</b>	(613) 996-0910
<b>Pacific (PPT)</b> (island nations)	(613) 995-1281
<b>Western Europe II (RST)</b> (Portugal, Greece, Cyprus, and Turkey)	(613) 995-6438
<b>Eastern Europe (RBT)</b> (Hungary, Yugoslavia, and Romania)	(613) 993-4884
<b>Caribbean and Central America (LCT)</b>	(613) 996-6624
<b>South America (LST)</b>	(613) 996-5546

3. For information on how External Affairs can help you, as well as to obtain copies of the various trade and export publications, including the series *A Guide for Exporters*, the *Business Directory of Canadian Trade Representation Abroad*, *So You Want to Export...*, and *International Financing Data: Business Guide to Export Financing and Other Financial Assistance*, contact:  
Info Export (toll free) 1-800-267-8376  
(from B.C.) 112-800-267- 8376
4. For information on IFI project pipelines, country and economic sector studies, project appraisal reports, other official IFI documents, and UNDP Quarterly Report listing, contact a Desk Officer in one of the DEA trade divisions, who will refer you to the:  
International Documents Collection,  
External Affairs Library (MGL) (613) 992-6150

### **Department of Regional Industrial Expansion (DRIE)**

1. For information on IFI project pipelines, on Canadian government support programs for exporters (e.g., Program for Export Market Development (PEMD)), and for registering with DRIE's Business Opportunities Sourcing System (BOSS), contact one of the following DRIE regional offices:

#### ***British Columbia***

Trade Director  
Dept. of Regional Industrial Expansion  
1055 Dunsmuir Street  
P.O. Box 49178  
Vancouver, B.C.  
V7X 1K8

Telephone: (604) 661-2260

Telex: 04-51191

Facsimile: (604) 666-8330

#### ***Alberta***

Trade Director  
Dept. of Regional Industrial Expansion  
The Cornerpoint Building, Suite 505  
10179—105th Street  
Edmonton, Alberta  
T5J 3S3

Telephone: (403) 420-2944

Telex: 037-2762

Facsimile: (403) 420-4507

#### ***Yukon***

Director  
Dept. of Regional Industrial Expansion  
Suite 301  
108 Lambert Street  
Whitehorse, Yukon  
Y1A 1Z2

Telephone: (403) 668-4655

Facsimile: (403) 668-5003

#### ***Northwest Territories***

Director  
Dept. of Regional Industrial Expansion  
P.O. Bag 6100  
Yellowknife, N.W.T.  
X1A 1C0

Telephone: (403) 920-8568

Facsimile: (403) 873-6228

**Saskatchewan**

Trade Division  
Dept. of Regional Industrial Expansion  
6th Floor  
105—21st Street  
Saskatoon, Saskatchewan  
S7K 0B3

Telephone: (306) 975-5314

Telex: 074-2742

Facsimile: (306) 975-5334

**Manitoba**

Trade Division  
Dept. of Regional Industrial Expansion  
3 Lakeview Square, 4th Floor  
185 Carlton Street  
Winnipeg, Manitoba  
R3C 2V2

Telephone: (204) 949-5942

Telex: 075-7624

Facsimile: (204) 949-2187

**Ontario**

Trade and Business Development  
Dept. of Regional Industrial Expansion  
1 First Canadian Place  
P.O. Box 98  
Toronto, Ontario  
M5X 1B1

Telephone: (416) 365-3777

Telex: 065-24378

Facsimile: (416) 366-9082

**Quebec**

Business Information Centre  
Dept. of Regional Industrial Expansion  
Stock Exchange Tower  
800 Victoria Square  
P.O. Box 247  
Montreal, Quebec  
H4Z 1E8

Telephone: (514) 283-8185

Telex: 055-60768

Facsimile: (514) 283-3302

**New Brunswick**

Trade Director  
Dept. of Regional Industrial Expansion  
770 Main Street  
P.O. Box 1210  
Moncton, New Brunswick  
E1C 8P9

Telephone: (506) 857-6440

Telex: 014-2200

Facsimile: (506) 388-6429

**Newfoundland**

Trade Director  
Dept. of Regional Industrial Expansion  
Parsons Building  
90 O'Leary Avenue  
P.O. Box 8950  
St. John's, Newfoundland  
A1B 3R9

Telephone: (709) 772-5511

Telex: 016-4749

Facsimile: (709) 772-5093

**Nova Scotia**

Trade Division  
Dept. of Regional Industrial Expansion  
P.O. Box 940  
Station M  
Halifax, Nova Scotia  
B3J 2V9

Telephone: (902) 426-7540

Telex: 019- 22525

Facsimile: (902) 426-2624

**Prince Edward Island**

Trade Director  
Dept. of Regional Industrial Expansion  
134 Kent Street, Suite 400  
P.O. Box 1115  
Charlottetown, Prince Edward Island  
C1A 7M8

Telephone: (902) 566-7442

Telex: 014-44129

Facsimile: (902) 566-7443

2. For general information on export markets for your services, contact:

Department of Regional Industrial Expansion  
Consulting Services Branch (ISEI)  
235 Queen Street  
Ottawa, Ontario  
K1A 0H5

Telex: 053-4123

Cable: DRIEOTTAWA

Telephone: (613) 995-8107

**Canadian International Development Agency (CIDA)**

For information on CIDA-funded projects, CIDA/IFI cofinancing, and the Industrial Co-operation Program, contact:

Address:           Business Co-operation Branch  
                         Canadian International Development Agency  
                         200 Promenade du Portage  
                         Hull, Quebec  
                         K1A 0G4

Telephone:         (819) 997-7775

Telex:               053-4140 CIDA/BCB

## **Export Development Corporation (EDC)**

For information on export financing, insurance, and EDC/IFI cofinancing, contact:

Address:      Export Development Corporation  
P.O. Box 655  
Ottawa, Ontario  
K1P 5T9

Telephone:    (613) 598-2500

Telex:          053-4136

## **Canadian Embassies in IFI Headquarter Cities**

For general information on how the IFI works. A trade officer in each embassy has been designated as the business-IFI liaison officer, and will assist in making appointments with IFI personnel.

### **Washington (for World Bank and Inter-American Development Bank)**

Address:      Office for Liaison with International Financial Institutions  
(OLIFI)  
Canadian Embassy  
2450 Massachusetts Avenue, N.W.  
Washington, D.C. 20008-2881  
U.S.A.

Telephone:    (202) 483-5505

Telex:          0089664

Answerback:   DOMCAN A WSH

Cable:          Canadian Washington

### **Manila (for Asian Development Bank)**

Address:      Commercial Division  
Canadian Embassy  
P.O. Box 971  
Manila  
Philippines

Telephone:    815-9536 to 41

Telex:          63676

Answerback:   63676 DOMCAN PN

Cable:          Canadian Manila

**Abidjan** (for African Development Bank)

Address:      Commercial Division  
                  Canadian Embassy  
                  C.P. 4104  
                  23, rue Nogues  
                  Abidjan 01  
                  Ivory Coast

Telephone:     32-20-09

Telex:          23593

Answerback:    DOMCAN ABIDJAN

Cable:          Domcan Abidjan

**Bridgetown** (for Caribbean Development Bank)

Address:      Commercial Division  
                  Canadian High Commission  
                  P.O. Box 404  
                  Culloden Road, St. Michael  
                  Bridgetown  
                  Barbados

Telephone:     429-3550

Telex:          2247

Answerback:    2247 CANADA WB

Cable:          Domcan Bridgetown

**New York** (for United Nations Development Program and related UN agencies)

Address:      Counsellor  
                  Permanent Mission of Canada to the United Nations  
                  866 United Nations Plaza  
                  Suite 250  
                  New York, N.Y. 10017-1897

Telephone:     (212) 751-5600

Telex:          00126 269

Answerback:    CANINUN NYK

Cable:          CANINUN New York City

## UNDP and Related UN Agencies

1. For inclusion on the register of consultants to the UNDP's Office for Projects Execution, which handles those projects that UNDP both finances and executes, send a completed registration form and company literature to:  
Senior Advisor  
Office for Projects Execution (OPE)  
United Nations Development Program  
1 UN Plaza  
New York, N.Y. 10017  
U.S.A.
  2. For inclusion on the register of consultants to the Department of Technical Cooperation for Development (DTCD), send a completed registration form and company literature to:  
Chief, Contracts and Procurement Services  
Department of Technical Cooperation for Development (DTCD)  
1 UN Plaza,  
New York, N.Y. 10017  
U.S.A.
  3. IAPSU — The UN's Inter-Agency Procurement Services Unit  
Palais des Nations  
CH 1211 Geneva 10  
Switzerland

## Other Useful Organizations

Association of Consulting Engineers of Canada (ACEC)

130 Albert Street  
Suite 616  
Ottawa, Ontario  
K1P 5G4

Telephone: (613) 236-0569

Telex: 053-4943

Canadian Export Association (CEA)

99 Bank Street  
Ottawa, Ontario  
K1P 6B9

Telephone: (613) 238-8888

Telex: 053-8888

Canadian Chamber of Commerce

200 Elgin Street  
Ottawa, Ontario  
K2P 2J7

Telephone: (613) 238-4000

Telex: 053-3051

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Canada

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